

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
NSC-05 DODE-00 OMB-01 /071 W
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P R 291338Z NOV 77
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC PRIORITY 7904
INFO USMISSION USNATO

C O N F I D E N T I A L SECTION 1 OF 2 REYKJAVIK 1693

C O R R E C T E D C O P Y (PARS TO READ 1,2,3,4 & 5 VICE 1,2,3,5,6)

E.O. 11652: GDS
TAGS: MPOL, NATO, IC
SUBJECT: NATO BASE: GOI PROPOSAL FOR DUAL PURPOSE TERMINAL

REF: (A) STATE 280669; (B) REYKJAVIK 1680; (C) REYKJAVIK 1598;
(D) REYKJAVIK 473; (E) REYKJAVIK 220

1. EMBASSY APPRECIATES OPPORTUNITY OFFER ITS COMMENTS ON
GOI PROPOSAL FOR DUAL PURPOSE AIR TERMINAL AT KEFLAVIK.

2. WE START FROM TWO BASIC PREMISES: (1) RETENTION OF UN-
INTERRUPTED ACCESS TO KEFLAVIK NATO BASE REMAINS MAJOR US
OBJECTIVE IN ABSENCE OF FORESEEABLE GEOGRAPHIC OR TECHNOLOGICAL
ALTERNATIVE; (2) ACHIEVEMENT OF THIS OBJECTIVE DEPENDS IN
THIS SMALL, TIGHTLY FOCUSED SOCIETY UPON CONTINUED ACCEPTANCE
BY MAJORITY OF ICELANDERS AND BY PRESENT AND FUTURE GOVERN-
MENTS OF ICELAND OF COMPATABILITY OF BASE WITH ICELANDIC
NATIONAL INTERESTS, AND PRESERVATION OF ICELANDIC CULTURE
AND IDENTITY.

3. IT IS ALSO NECESSARY TO RECOGNIZE THAT SINCE 1974
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MOU WAS SIGNED ICELANDIC PUBLIC ATTITUDES TOWARD BASE
HAVE SHIFTED AS NOTED IN FOLLOWING POINTS: (A) ICE-
LANDERS IN ALL POLITICAL PARTIES DEEPLY RESENTED WHAT
THEY PERCEIVED TO BE "NEUTRALITY" OF ICELAND DEFENSE
FORCE DURING ICELAND'S EMOTION-CHARGED COD WAR WITH UK
IN 1975-76, AND AS RESULT, WIDESPREAD BELIEF AROSE,
WHICH HAS BY NO MEANS COMPLETELY DISSIPATED, THAT BASE

AND IDF SERVE ONLY US RATHER THAN ICELANDIC FUNDAMENTAL INTERESTS; (B) COROLLARY OF (A) ABOVE HAS BEEN GROWTH OF NOTION THAT IF BASE SERVED PRIMARILY US RATHER THAN ICELANDIC INTERESTS, IT SHOULD BE CHARGED SOME FORM OF COMPENSATION; AND, FINALLY, (C) DETENTE AND COMING OF AGE OF YOUNGER VOTERS LESS SENSITIVE TO HISTORIC SOVIET THREAT HAVE RESULTED IN MORE CRITICAL APPRAISALS OF NEED FOR BASE.

4. WITH EXCEPTION OF SMALL SOCIAL DEMOCRATIC PARTY, INDEPENDENCE PARTY (IP) REMAINS ONLY PARTY IN ICELAND FIRMLY COMMITTED BOTH TO RETENTION OF IDF IN ICELAND AND ICELANDIC MEMBERSHIP IN NATO. BASE TENURE UNDER ANY COALITION GOVERNMENT LED BY IP WOULD BE SECURE, ALTHOUGH CONDITIONS UNDER WHICH IT OPERATES MIGHT UNDERGO SOME MODIFICATIONS. (RECENT IP PRIMARY IN REYKJAVIK REVEALED DISTURBINGLY WIDESPREAD SUPPORT AMONG IP MEMBERS FOR NATO COMPENSATION FOR BASE FACILITIES DESPITE PM'S OPPOSITION TO SUCH DEMANDS AS NOTED IN REF B). GIVEN CURRENT ECONOMIC PROBLEMS BESETTING ICELAND, INCLUDING HIGHEST RATE OF INFLATION IN EUROPE AND HEAVY FOREIGN INDEBTEDNESS, COUPLED WITH INTERNAL PROBLEMS OF IP, EXPECTATIONS ARE THAT IP WILL LOSE SOME SEATS IN SPRING 1978 ELECTIONS. EXTENT OF ANY SUCH LOSSES CANNOT BE ESTIMATED THIS FAR IN ADVANCE OF ELECTIONS. ANY GOVERNMENT FORMED WITHOUT IP
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PARTICIPATION WOULD MEAN RECONSTITUTION OF LEFTIST COALITION OF 1971-1974 PERIOD WHICH WORKED FOR PHASED WITHDRAWAL OF IDF FROM ICELAND. THERE IS NO REASON TO BELIEVE NEW LEFTIST COALITION WOULD NOT ADOPT SIMILAR POSITION.

5. PRIME MINISTER HALLGRIMSSON IS STAUCH SUPPORTER OF IDF AND RECOGNIZES ROLE IT PLAYS IN ASSURING ICELANDIC SECURITY. HE IS FLATLY AND PUBLICLY OPPOSED TO CONCEPT OF RENT OR COMPENSATION FOR RETENTION OF BASE. HE AND HIS SUPPORTERS IN IP ALSO AGREE, AS DOES FOREIGN MINISTER AGUSTSSON, THAT US HAS LIVED UP TO LETTER OF OUR OBLIGATIONS UNDER TERMS OF 1974 MOU. HOWEVER, BOTH PRIME MINISTER AND FOREIGN MINISTER NOTE THAT SEPARATION OF CIVILIAN AND MILITARY AIRPORT FACILITIES AT KEFLAVIK IS GOAL BOTH USG AND GOI SHARE AS EVIDENCED BY ENDORSEMENT OF SUCH SEPARATION IN BOTH 1951 DEFENSE AGREEMENT AND 1974 MOU. GIVEN SMALL ECONOMIC BASE IN ICELAND AND HEAVY FOREIGN INDEBTEDNESS, HOWEVER, GOI HAS BEEN UNABLE TO COME UP WITH NECESSARY FUNDS TO CONSTRUCT TERMINAL BUILDING DESPITE PROJECT'S OBVIOUSLY HIGH PRIORITY. FOR THAT

REASON PRIME MINISTER HAS SOUGHT OUR ASSISTANCE.

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C O N F I D E N T I A L SECTION 2 OF 2 REYKJAVIK 1693

C O R R E C T E D C O P Y (PARAS TO READ 6,7 & 8 VICE 7,8 & 9)

6. COMMENTS AND RECOMMENDATIONS: WE BELIEVE THAT
US WILLINGNESS TO RESPOND FAVORABLY TO NEW GOI DUAL
PURPOSE PROPOSAL AS MEANS OF FURTHERING GOAL OF
SEPARATION OF FACILITIES WOULD BE IN OUR LONG TERM
ADVANTAGE. IT WOULD SUBSTANTIALLY LOWER PROFILE OF
BASE, THEREBY INCREASING ITS PUBLIC ACCEPTANCE. IT
WOULD DEMONSTRATE US UNDERSTANDING OF ICELANDIC
SENSITIVITIES RE EXISTING PHYSICAL ARRANGEMENTS
WHICH HAVE ICELANDERS TRANSITING FOREIGN MILITARY
FACILITY TO ENTER AND LEAVE THEIR COUNTRY. FINALLY,
OUR BEING FORTHCOMING WOULD ALSO PROVIDE PRIME MINISTER
WITH MENAS BY WHICH HE COULD DAMPEN COMPENSATION
DEMANDS WITHIN HIS OWN PARTY.

7. THERE IS NO QUESTION THAT IDF PRESENCE WILL
AGAIN BE FACTOR IN APPROACHING SPRING ELECTION
CAMPAIGN AND THAT LEFTISTS WILL EXPLOIT LATENT ICE-
LANDIC NATIONALISM AGAINST FOREIGN MILITARY PRESENCE.
PROPOSAL THAT WE ASSIST PRO-IDF ELEMENTS TO HEAD OFF
THIS ATTACK BY MAKING IT POSSIBLE FOR THEM TO POINT
TO PROGRESS IN SEPARATION OF MILITARY AND CIVILIAN
TERMINAL FACILITIES MUST BE SEEN IN THIS CONTEXT.
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PROPOSAL IS, QUITE SIMPLY, BASED ON PROPOSITION THAT WHILE ICELANDERS WILL ALWAYS HAVE MISGIVINGS RE PROLONGED PRESENCE OF FOREIGN MILITARY FORCE ON THEIR SOIL, THEIR ACCEPTANCE OF IT WILL BE ENHANCED TO EXTENT THAT THEY ARE REMINDED OF IT LESS. THIS IS WHAT DUAL PURPOSE TERMINAL, SERVING ICELANDIC NEEDS AND OUR OWN ON MILITARY CONTINGENCY BASIS, IS DESIGNED TO DO. SINCE ELECTION OF PARLIAMENTARY CANDIDATES CAN BE DETERMINED UNDER ICELANDIC PROPORTIONAL REPRESENTATION SYSTEM BY SWING OF ONLY FEW HUNDRED VOTES, OUR WILLINGNESS TO BE RESPONSIVE COULD BE IMPORTANT FACTOR IN TIPPING BALANCE IN FAVOR OF OUR FRIENDS.

8. SINCE DUAL PURPOSE TERMINAL IS WITHIN OUR SHARED GOALS OF HELPING LOWER BASE PROFILE, OUR AGREEMENT TO CONSIDER ASSISTANCE ON THIS PROJECT NEED NOT OPEN PANDORA'S BOX OF REQUESTS FOR ASSISTANCE ON OTHER PROJECTS IN ICELAND. AS NOTED ABOVE SEPARATION OF FACILITIES HAS BEEN ACCEPTED GOAL BY BOTH USG AND GOI FOR NUMBER OF YEARS. INDEED, COMMITMENTS WE HAVE ALREADY MADE - RAMPS, ACCESS ROAD, AND NEW CONTROL-TOWER ARE DESIGNED TO THAT END, AND ALL ARE DUAL PURPOSE. HOWEVER, IF WE DECIDE TO PROVIDE ASSISTANCE, WE SHOULD MAKE CLEAR TO GOI THAT WE ARE NOT MAKING OPEN-ENDED COMMITMENT AND THAT WE ARE EXPECTING SUBSTANTIAL ICELANDIC INPUT INTO PROJECT AS WELL. ANY SUCH PROJECT SHOULD BE TRUE JOINT UNDERTAKING CONSISTENT WITH CONCEPT THAT ICELAND AND US ARE PARTNERS IN DEFENSE.

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